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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 004630

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TAGS: [ECON](#) [PGOV](#) [IZ](#)

SUBJECT: COUNCIL OF REPRESENTATIVES MEMBER DISCUSSES THE
ECONOMY AND SHI'A POLITICS

REF: BAGHDAD 3797

Classified By: Acting Economic Minister-Counselor Edward Kloth for reasons 1.4 (b) and (d).

¶1. (C) Summary: Dr. Amirah Al Baldawi (UIA-independent) discussed her work on the Economic Committee at the Council of Representatives (CoR) with Emboffs on December 18. She believes that signing the International Compact is an important step, wants a limited role for the government in the economy, and expects the 2007 GOI budget to have its first reading at the CoR on December 24. Dr. Amirah thinks that the Unified Iraqi Alliance (UIA) in the CoR will remain intact. She says the Sadrists, after making their complaints known, will return to the fold. Dr. Amirah thinks that some of the violence attributed to Sadrists is due to infiltration by Baathists in the JAM. End summary.

The Importance of the International Compact

¶2. (C) Dr. Amirah highlighted Iraq's need for debt relief, saying that an important step would be the implementation of the International Compact with Iraq (ICI). "We need Kuwait and Saudi Arabia to forgive our debt and sign the Compact," she said, "why isn't the U.S. pressuring them to do so?" Dr. Amirah thinks that the signing of the ICI would be a significant achievement for Iraq.

The Role of the Government in the Economy

¶3. (C) Dr. Amirah thinks that the government has a limited role in the economy, and should support rather than supplement the private sector. She pointed to the recently passed Investment Law as a step in the right direction (reftel). She said that the Economic Committee is studying the possibility of a privatization law, with assistance from DFID, the British government assistance office. "Of course many of the State Owned Enterprises are not working, even as they continue to pay out salaries," she said, "but the average Iraqi is very sensitive about this issue, and there is a lot of misunderstanding." She thinks that a gradual and partial privatization would be the best plan. "We don't want to make the same mistake as was made with fuel prices," she said, explaining that the prices increased sharply, unexpectedly, and without assistance for the very poor.

The 2007 Budget

¶4. (C) Dr. Amirah said that the Council of Representatives (CoR) expected the Council of Ministers to send the draft 2007 GOI budget for review and a first reading on Sunday

December 24. The session has remained open, so the first reading can take place even though it is unlikely that there will be quorum. She said that the CoR members have no more information about the budget than any other Iraqi citizen, although they have heard rumors. Dr. Amirah had not heard of any trouble with budget execution.

Shi'a Politics, and "Baathist Infiltration"

15. (C) Dr. Amirah is an independent member of the Unified Iraqi Alliance (UIA). When queried about the impact of the Sadrists withdrawal, Dr. Amirah said that she thinks the Sadrists will return and that the UIA will remain a united block. She said that many of the Sadrists in CoR were reasonable, moderate people, "but they can't make any decisions themselves, they have to follow the orders of Muqtada from Najaf."

16. (C) Speaking more generally, Dr. Amirah said she thought that most people in the Sadrists movement were well-intentioned. She claimed that the most troublesome elements in the Jaysh Al Mahdi (JAM) are actually Baathists, with close historical ties to Saddam Hussain's Fedayeen army. She thinks that during provincial elections the UIA will no longer be a block. Instead, each party and independent individuals will compete with each other.

Comment

17. (C) Dr. Amirah is clearly very intelligent, well-read and

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politically aware. Her discussion is useful in understanding how educated Iraqis living in Baghdad view understand the country's economic issues. If her claim that the worst JAM elements are Baathists represents a widespread Shi'a perception (or explanation), the GoI could use this perception to allay Shi'a (or perhaps even Sadrists) concerns should it choose to confront these elements. The fact that an active member of the Economic Committee at the Council of Representatives is unaware of the serious difficulty that the GOI has with budget execution is indicative of the lack of communication, and accountability, within the GOI. Other members we have talked with have, however, raised the issue as a major one without prompting, noting complaints they get from Iraqi business people dealing with the government. While she has had little direct experience with systems outside of Iraq, Dr. Amirah is likely to be a productive and constructive member of the CoR's Economic Committee. End comment.

Bio-Note

18. (C) Amirah Al Baldawi is an independent Shi'a member of the Council of Representatives. She has a master's and doctorate in Agricultural Science, with a specialty in food chemistry. Saddam Hussein's regime refused to let her leave the country to study in the West, even after she was awarded a scholarship to do a doctorate at McGill University. She is part of the faculty at the University of Baghdad, although classes have not been meeting. Dr. Amirah lives outside of the International Zone, moves frequently, and doesn't tell anyone where she lives. She was born in Baghdad on July 1, 1955.

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